

INFORMATION BULLETIN

WORKFORCE INVESTMENT ACT

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TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: LWIA ADVISORY COMMITTEE MEETING MINUTES—FEBRUARY 17,
2006

The minutes and revised agenda from the Local Workforce Investment Area (LWIA) Advisory Committee conference call on Friday, February 17, 2006, are attached for your review and information. Please ensure that the minutes are provided to the appropriate staff.

If you have any questions regarding the minutes, please contact James Scholl, at (916) 657-4610.

/S/ BOB HERMSMEIER
Chief
Workforce Investment Division

Attachments

LOCAL WORKFORCE INVESTMENT AREA ADVISORY COMMITTEE MEETING

Friday, February 17, 2006

Agenda

10:00-12:00	Welcome	Bob Hermsmeier, Workforce Investment Division (WID)
	Reauthorization of the Temporary Assistance for Needy Families	Kären Cagle, Dept. of Social Services and Bob Hermsmeier, WID
12:00-1:00	Lunch Break	
1:00-3:00	Hot Topics	Bob Hermsmeier, WID
	<ul style="list-style-type: none"> Cash Match Reporting WIA 15% Projects 	
	California Workforce Investment Board (CWIB) Update	Ray York, CWIB
	<ul style="list-style-type: none"> Waiver Process Update Dislocated Worker Workgroup 	
	Collection of Self-Service Data	Liz Clingman, WID
	Dislocated Worker Formula Allocation	Joseph Werner, Monterey Workforce Investment Board (WIB) and Steve Saxton, WID
	Program Income	Mike Curran, NOVA WIB
	Improving the Advisory Committee Meetings	Joe Daniel, Tulare WIB
	Open Discussion	All

LOCAL WORKFORCE INVESTMENT AREA ADVISORY COMMITTEE MEETING MINUTES

Friday, February 17, 2006

Welcome—Bob Hermsmeier, Workforce Investment Division (WID).

The Local Workforce Investment Area (LWIA) Advisory meetings take place on a quarterly basis, with conference calls held the months in between. The main purpose of this meeting is to help prepare the State and local areas for the reauthorization of Temporary Assistance for Needy Families (TANF).

TANF—Kären Cagle, DSS, and Bob Hermsmeier, WID.

Bob Hermsmeier indicated that TANF has significantly changed the work participation rate and this will have financial impact to California. Kären Cagle is the Chief of the Employment Eligibility Branch in the Department of Social Services (DSS). Ms. Cagle will introduce the new TANF changes and discuss the possible impact to California.

Kären Cagle stated there are four key areas that have a significant impact for California. Those key areas are:

1. Change in the base year of the caseload reduction credit including the Maintenance of Effort (MOE) funded programs in the work participation rate calculation.
2. New federal regulations that are going to have impact by defining work activities. The regulations are due out the end of June and are to be implemented by October.
3. Determining which families with unaided adults will count towards the work participation rate and also will require additional work participation verification and oversight.
4. Limited amount of childcare funding that was included in the TANF Act.

The caseload reduction credit is probably the most significant change. If California needed to meet a 50 percent work participation rate, it would be adjusted by the amount of caseload reduction California had from the 1995 base year. Because the State had a caseload decline of 46 percent, last year California had only a four percent participation rate. What has changed is that now the base year for the caseload reduction credit is 2005. Caseloads have not declined since 2005 so there will be no caseload reduction credit or adjustment made to the State's work participation rate. Rather than meeting a four percent rate, California will be required to meet the 50 percent rate. Currently, California has a 23 percent participation rate. If California fails to meet the participation rate, the penalty could be up to five percent of the TANF grant and could increase each year by an additional two percent. This could result in a penalty of up to \$187 million for the general fund. Also, if California does not meet the work participation rate, the State will have to increase the MOE up to the 80 percent, which is an additional \$180 million.

Joe Werner asked if in the last several years has the State fully exhausted its TANF funds?

There has been as much as \$100 million left over at the end of the year. Those funds are then rolled forward.

The State's chances of meeting the work participation rate are going to be further diminished by a new requirement that includes populations who are funded with MOE funds. One example in California is the two-parent program, which is currently a separate state-funded program. The law is now changing. Even the two-parent families that are paid for by MOE dollars will be included in the work participation rate.

The Bill requires the Secretary of the U.S. Department of Health and Human Services (HHS) to establish regulations in two areas. One of those areas is defining work activities. These definitions could cause issues in terms of what California has defined as a work activity. The other regulation is determining which families with unaided adults count towards the work participation rate.

The final regulations are also going to include requirements in terms of verification and oversight of the work hours. The statute also requires that no later than September 30, the State must establish the procedures for verifying and reporting work hours. The Secretary of HHS is required to review the state procedures to ensure the accuracy of the reported work hours. Failure to comply with this portion of the regulations will result in another five percent penalty of \$187 million.

In order to comply with the new regulations, there could be substantial costs to automated systems or to county worker costs to do the manual verifications.

On a positive note, TANF funding was maintained at the current levels. The caseload has reduced almost in half since TANF implemented in 1996. Since caseloads were cut in half, there were concerns that the funding would be reduced. The amount of funding remained the same in the TANF block grant. Nationwide, the childcare funding was increased, but only by \$200 million. This means about \$20 to 25 million annually for California, which may not be adequate.

In his 2004-05 budget, the Governor proposed several changes that would bring California into compliance with the federal government requirements. For example, California has allowed participants to get services in terms of mental health, substance abuse, and domestic violence training. These participants were included in California's work participation rate. Now those activities do not count under the new federal legislation.

Over the next few months, DSS will be looking at options. The DSS will be assessing all aspects including budgetary as well as work requirements.

Mike Curran asked what could WIA do about this? It was noted that the WIA and Wagner-Peyser program efforts and funding are one of the avenues open to California to assist the State in meeting the increased requirement imposed by the law.

Bob Hermsmeier indicated that during the budget hearing the legislature might be looking for a solution to this issue because of the impact on the general fund.

Because of the magnitude of the problem, Bob Hermsmeier indicated that the WIA 15 percent account is not the answer. Bob indicated that this was the opening dialog in assessing if WIA might assist with increasing the work participation rate. Bob made a commitment to develop, at the State level, a fact sheet that outlines the things presented in the meeting.

The DSS has been working with the counties to implement a quarterly meeting of counties to have discussions about best practices on TANF. This will include key indicators.

A member stated with the impending budget hearings, we want to be prepared for this issue. One starting point would be to determine how many welfare offices are co-located in the One-Stops. If there are better participation rates in those co-located counties, one strategy is to recommend mandated co-location. The consensus was that the State/locals should partner to work on options that might help solve this problem.

Cash Match and In Kind Contributions for WIA 15 Percent and 25 Percent Projects—Bob Hermsmeier, WID.

When the last 15 percent Solicitation for Proposals (SFP) were released a year ago, the State asked for entities to contribute cash match and in kind. Bonus points were given for cash match but WID did not require the successful entities to account or report the cash match or in kind. The current SFP also gave bonus points for cash match. However, for this SFP, the State is requiring that the cash match and in kind be reported. The total amount of cash match needs to be transferred into the project and disbursed from the project.

Some of the recipients now are expressing concerns that they may not be able to follow through with the cash match as originally planned. They want to know how this affects their award. The State will gather information on cash match plan and disbursements. Decisions will then be made on a case-by-case basis.

Virginia Hamilton asked why an employer is being required to cut a check and give it to the Local Workforce Investment Board (LWIB) or non-LWIA grantee and have them spend it, versus the employer being able to pay for things out of their funds?

Bob Hermsmeier said that in the SFP, the Questions and Answers defined cash match in this way: The contribution of the money available to the applicant implies that the applicant has control and disburses the funds.

The question is what action does the State take if an entity has lost its cash match? The group agreed that finding a new source of cash match was one solution to the problem.

Larry Fitch indicated that cash match is important because it shows partnership and commitment at the local level. Larry had heard that the Employment Development Department (EDD) compliance monitors were implying that cash match is illegal.

Because the SFP restricted the competitive process by requiring cash matches, it implies if entities cannot come up with a cash match, the entity is being restricted from applying for funds. According to the Department of Labor (DOL) and the EDD Monitoring Office, it could be implied to be restricting competitive procurement.

Jessie Mar of the EDD Monitoring Section stated they have made no findings against San Diego on the cash match issue and perhaps the issue is coming from another source.

A number of members raised concern that the cash match expenditures should not be subject to the same rules and regulations as Workforce Investment Act (WIA) funds. The use of cash match could be to provide services to the WIA participants that cannot be funded under WIA rules. The fear was that the monitors would disallow these expenditures based on WIA rules.

Joe Werner indicated there should be some sort of discussion or explanation in future SFPs of what happens should the cash match not materialize. Any critical issues should be disclosed in the SFP so that applicants understand the seriousness of the cash match issue.

The WID will soon send a letter to all the successful SFP recipients asking for more details on the committed cash and in-kind match. Depending on the responses to the letter, WID will determine the next steps in the decision-making process and handle these on a case-by-case basis.

Larry Fitch suggested a workgroup be formed to work on this issue.

California Workforce Investment Board (CWIB) Update

- Waiver Process Update, John Bohart. The four waiver requests that were developed and processed through the Waivers Workgroup were completed. Approval was received from the Labor Workforce Development Agency for their public release. They were published in Information Bulletin [WIAB05-67](#), *Proposed WIA Waiver Requests for Review and Comment*, dated February 9, 2006, with a 30-day public comment period. To date, no public comment has been received. The CWIB is preparing for taking the package to its Administration Committee meeting scheduled for March 14. This will be in preparation for presenting them at the March 30 CWIB meeting.
- Dislocated Worker Workgroup, Javier Romero. The workgroup meeting was held on February 7. The four issues that remain on the table are the following:
 1. The workgroup reviewed the issue of what is allowable and not allowable under Rapid Response. The workgroup was initially pursuing a waiver request, but there were some questions and concern regarding the way the initial waiver was drafted. The workgroup scheduled a third meeting on March 8. They will review the disallowed activities regarding Rapid Response projects. The workgroup will attempt to develop guidance on what criteria the State uses to determine what is approved and not approved under Rapid Response.

2. The workgroup concluded the State should discontinue the requirement of separate reporting of required and allowable activities, unless the State could demonstrate the value of these data.
3. The Dislocated Worker 60 percent allocation is the third issue. See discussion on separate agenda item below.
4. The workgroup also discussed if the State should change the data elements used to calculate the dislocation component of the Rapid Response formula. The majority recommended that the State not change the data elements. There was a suggestion that the State should look specifically at the school districts reporting of layoffs, because they have a unique way of approaching potential layoffs that could skew the data.

The next full workgroup meeting is scheduled for March 8, 2006.

Collection of Self-Service Data—Liz Clingman, WID.

Effective July 1, 2005, the DOL required the states to quarterly report an aggregate count of self-service clients entering and receiving services in the One-Stops. The DOL wants a unique count. If the individual moved on during the quarter to intensive retraining services, DOL requirements states the individual should be excluded from the count. The WID sent out a survey and based on the survey results, 28 out of the 40 local areas that responded said they could provide these data. This represents about 77 percent of the State's program operations (established based on the number of participants in the Adult program). This self-service requirement is awkward to implement. There are some complexities associated with it, like determining the exit date for self-service clients. Also, many local areas that can provide a self-service count can't tell us how many of those clients moved on to intensive or retraining services.

Liz asked the group for any suggestions on how to move forward on the reporting.

Liz made the following proposal with no objection from the Advisory group: There is a very short self-service screen in the Job Training Automation (JTA) system and the local areas have the ability to load directly into this screen without doing key data entry. Local areas will be asked to use the self-service screen in JTA and allow the State's access to the counts. Those local areas that have unique client counts for self-service and can't or do not wish to use the JTA self-service screen, will be asked to report aggregate counts. The State will develop a form for those areas that will not be using the JTA self-service screen.

There will be continuing State/local dialog about a longer-term solution to this reporting requirement. Ultimately, the ETA Management Information Longitudinal (EMILE) Data System is likely to require a self-service client record. The DOL notified the State it is out of compliance with this requirement and has requested a corrective action plan. Technically, the law allows the Secretary to reduce the Governor's grant by five percent for non-compliance with reporting requirements.

Virginia Hamilton suggested adding the average number of visits to the form.

Dislocated Worker Formula Allocation—Joe Werner, Monterey Workforce Investment Board (WIB) and, Steve Saxton, WID.

The State's Dislocated Worker Workgroup (DWWG) and the LWIA Advisory Committee have made conflicting recommendations regarding the possible consideration of changes to the Dislocated Worker 60 Percent funding allocation formulas. The potential solutions for the Advisory Committee is to either (1) accept DWWG's recommendations, (2) modify DWWG's recommendations, (3) reject the DWWG's recommendations, or (4) convene a combined session with DWWG to reach consensus.

Joe Werner stated that there are many issues associated with the dislocated worker formula allocation. This is a difficult issue for the California Workforce Association to tackle because there are winners and losers. This is an economic issue. The final recommendation needs to ensure that no jurisdiction gets significantly hurt. The DWWG agreed that, while changing the formula was likely to be a contentious discussion, potential funding inequities caused by the existing formula need to be examined.

The DWWG recommended that the State develop a white paper on the topic, covering issues caused by the current factors used in the formula and identifying potential alternative factors along with pros and cons associated with each alternative. They recommended that this paper be developed only at the conceptual level without examination of actual allocation data associated with the alternatives. They concluded that development of an appropriate allocation formula was an important policy matter, one on which the State should not expect the LWIA directors to objectively deliberate. This white paper should establish parameters of what this money is intended to do and what the issues are.

Bob Hermsmeier said, in his opinion, if you look where the money is going and where it's being used, it appears the formula needs to be changed. If that were true, then the big question would be what criteria to use to change the formula. The other school of thought is to leave the formula the way it is. One of the recommendations is to bring the two workgroups together to discuss it.

Steve Saxton indicated the key was how well does a particular factor represent the population you intended to serve. If long-term unemployed doesn't serve the population you're trying to serve, then it should not be in the formula. The formula needs to be analyzed at the conceptual level.

Joe Werner indicated there are obviously two very critical issues, (1) the agricultural workers not being included in the formula, and (2) the long-term unemployed.

Mike Curran said that the State provides potential relief for formula issues through the Dislocated Worker funding policy. The State could also address formula insufficiencies by targeting resources through the 15 percent grants process.

The white paper will be discussed at the next Advisory Committee meeting.

Program Income—Mike Curran, NOVA WIB.

If the LWIAs have other sources of income outside of WIA that come into their organization, are those funds subject to WIA rules?

Mike Curran stated that his WIB is going through compliance monitoring and there are issues that need to be addressed. Some entities only exist because they're designated as such under WIA and yet they do things outside of WIA.

The LWIAs are being told on the one hand they want our programs to become self-sustaining. These programs need to go beyond the life of the WIA funding stream. However, if the LWIA somehow get funds to do that, EDD considers it program income. Program income is subject to all the rules of WIA. The locals must disburse the entire amount when the funds are received or it becomes an excess cash issue. Someone has said to this LWIA that there's nothing a LWIA does that can ever be considered unrestricted. It's all program income whether the LWIB raised it or outside companies donated it to the organization.

Jessie Mar stated there might have been a misunderstanding on the information provided by staff or EDD may not have been aware of the specific situation of the LWIA. However, Jessie asked to be informed if they had any questions or if there were any specific examples they wanted to discuss. Mike Curran stated his staff might also have misunderstood the information requested or the question from the monitor.

Larry Fitch said what would be very helpful would be some sort of technical assistance to help the locals understand the distinction on what was program income and what was not considered program income.

Bob Hermsmeier said there are several things that will help. The future of this program, and especially the discretionary funding in this program, is shifting towards cash match. The Department needs to define rules that allow the local areas to understand what that means when the local areas bring their funding forward. Apart from that, DOL and the U.S. Office of the Inspector General are trying to make changes as well. In future SFPs the State will again be requesting more cash match and more foundation contributions. The Bay Area collaborative was a successful model for this.

The State will issue a draft directive that will give guidance to the locals to understand the distinction between program income and non-program income. It may be added to the Allowable Costs directive.

Improving the Advisory Committee Meetings—Joe Daniel, Tulare LWIB.

The LWIA Advisory Committee, composed of a mix of State staff and local LWIA Administrators, needs a clear definition of their purpose/role. There is a need to clarify the respective roles of the State and local representatives and define the purpose of the Committee so that the LWIA Advisory Group will be a sounding board to surface indicators that are of statewide interest. Local issues should be addressed outside of this forum with the regional advisors and/or appropriate State contact.

The State role is to provide oversight to the local area. There is concern that the Advisory Committee could make policy decisions that should be made only at the local level.

Joe stated that this was a good meeting today because most of the agenda items were of a statewide importance. Unfortunately, the program income agenda item was not of statewide importance. Those types of issues should be worked out between the local and the State on a one-on-one basis.

Bob Hermsmeier indicated that he understood the concern about the program income agenda item. It did come up as a specific question of interest of a smaller group of people. It did, however, help educate the State on the WIA cash match issue and the ramifications of bringing foundation funds into LWIAs. That is a statewide issue.

There was consensus that the briefing papers greatly improved the meeting, especially when the local area members and State staff collaborated on the papers.

Bob Hermsmeier is committed to more collaboration on these meetings. This will be especially important for the face-to-face meeting where the members participate in writing the briefing papers. For this Advisory to be mutually beneficial, please share those items that are important. Jeannie Pryor has done an excellent job in supporting this committee. Typically, she makes a number of requests for agenda items, but we receive no items. We will have a face-to-face meeting again in May, with conference calls in between.

Virginia Hamilton said that Bob has done a great job lately. Now the State is presenting items to the committee before the policy decisions have been made. It is not just getting agenda items from members it's also using the Advisory to influence policy, not just to implement already written new policy.

Open Discussion—All

Robert Mejia added that with every funding cycle there's a fragmentation in the system in regards to 15 percent money going to agencies that aren't LWIBs or One-Stops, or something very close to that. For example, in his area there are agencies that have discretionary WIA grants. When things like the TANF issue arise, how do LWIAs help them? These funds could be better used by the LWIA because of their infrastructure. This would help mitigate issues such as the TANF issue on today's agenda.

Bob Hermsmeier indicated that the State is looking at how to put structure to the 15 percent account. This includes how to develop it in a way that it looks more workforce community not just individual projects. This should result in change that should strengthen the LWIA's role.

Comparison of the Federal and State Work Activities

Current Federal TANF Work Activities Requirement	Current State CalWORKs Work Activities Requirement
<p>The federal participation requirement for “all families” is 30 hours of work activities per week, 20 hours of which must be spent in “core” work activities. After the 20-hour requirement has been met, the remaining 10 hours may be spent in “non-core” activities. However, single parents with a child under six, and up to 30% of teen parents participating in activities 11 and 12 below, meet the federal participation requirement by participating 20 hours per week.*</p> <p>CORE ACTIVITIES</p> <ol style="list-style-type: none"> 1) Unsubsidized employment 2) Subsidized private-sector employment 3) Subsidized public-sector employment 4) Work experience (if sufficient private sector employment is not available) 5) On-the-job training 6) Job search and job readiness assistance <ul style="list-style-type: none"> • Maximum of 6 weeks may be counted in any fiscal year • Maximum of 4 consecutive weeks in any fiscal year per individual • Not more than once during a fiscal year, a county may count three or four days of job search and job readiness assistance during a week as a full week of participation 7) Community service programs 8) Vocational educational training (twelve-month lifetime total) 9) Providing child care services to an individual who is participating in a community service program <p>NON-CORE ACTIVITIES</p> <ol style="list-style-type: none"> 10) Job skills training directly related to employment 11) Education directly related to employment (for individuals with no high school diploma or certificate of high school equivalency) 12) Satisfactory attendance at a secondary school or in a course of study leading to certificate of general equivalence <p>* The federal participation requirements for two-parent families is 35 hours of work activities per week, 30 hours of which must be spent in “core” work activities. However, up to 30% of teen parents participating in activities 11 and 12 above meet the federal participation requirement by participating 20 hours per week.</p>	<p>The State participation requirement for “all families” (adult in a one-parent assistance unit) is 32 hours of work activities per week, 20 hours of which must be spent in “core” work activities. The remaining 12 hours may be spent in “non-core” activities.*</p> <p>CORE ACTIVITIES</p> <ol style="list-style-type: none"> 1) Unsubsidized employment 2) Subsidized private-sector employment 3) Subsidized public-sector employment 4) Work experience (if sufficient private-sector employment is not available) 5) On-the-Job training 6) Grant-based on-the-job training 7) Supported work or transitional employment 8) Work study 9) Job search and job readiness assistance (generally, up to four consecutive weeks) 10) Community service programs 11) Self-employment 12) Vocational education and training (twelve-month lifetime total) <p>NON-CORE ACTIVITIES**</p> <ol style="list-style-type: none"> 13) Adult basic education (welfare-to-work activity which includes instruction in reading, writing, arithmetic, high school proficiency, or general education development certificate instruction, and English-as-a-Second-Language) 14) Job skills training directly related to employment 15) Education directly related to employment 16) Satisfactory progress in a secondary school 17) Mental health, substance abuse, domestic violence services 18) Vocational education and training (post 12-months) 19) Other activities necessary to assist an individual in obtaining employment 20) Participation required by the school to ensure the child’s attendance 21) Non-credited study time (at the county’s option, and when specified in the county’s CalWORKs plan, hours in this activity may be included in the WTW plan) <p>* The State participation requirement for an adult in a two-parent assistance unit is 35 hours of work activities per week, 20 hours of which must be spent in “core” work activities. The remaining 15 hours may be spent in “non-core” activities.</p> <p>** Under certain circumstances, some non-core activities may count toward the core-activity requirement.</p>

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
CHILD CARE		
<u>Child Care Funding</u> <ul style="list-style-type: none"> Reauthorizes child care mandatory funding for five years and increases funding by \$200 million the first year with funding levels frozen for the remaining four years of the reauthorization. (Section 7201) 	<ul style="list-style-type: none"> FY 2005 mandatory funding is \$2.717 billion 	<ul style="list-style-type: none"> No provision
TANF		
<u>TANF Funding</u> <ul style="list-style-type: none"> Reauthorizes the block grant through 2010. Maintains the current funding level. (Section 7101)	<ul style="list-style-type: none"> Appropriates \$16.6 billion per year. States are entitled to receive a family assistance grant equal to the grant received in FFY 2002. 	<ul style="list-style-type: none"> No provision
<u>Supplemental Grants</u> <ul style="list-style-type: none"> Extends these supplemental grants at FFY 2001 level of \$319 million through FFY 2008. (Section 7101)	<ul style="list-style-type: none"> Provided additional grants to states with high population growth and low grant amounts per poor person. Beginning in FFY 2002, guaranteed payments to states who were qualifying states in 2001 or any prior year equal to the payment made to the state in the most recent year. 	<ul style="list-style-type: none"> No provision
<u>High Performance Bonus</u> <ul style="list-style-type: none"> Did not reauthorize funding. 	<ul style="list-style-type: none"> Provides \$200 million a year for states with high performance and improvement on employment measure and attachment to other benefit programs. 	<ul style="list-style-type: none"> No provision

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
<u>Contingency Funds</u> <ul style="list-style-type: none"> Authorizes the current contingency funds through 2010. <p>(Section 7101)</p>	<ul style="list-style-type: none"> Provided \$2 billion in matching federal funds for states experiencing economic downturn. To qualify, a state is required to spend 100% of the MOE and to meet either a trigger based on the unemployment rate or a trigger based on increases in the number of food stamps recipients. States must repay a portion of the federal funds based on the FMAP rate in effect on September 1995. 	<ul style="list-style-type: none"> No provision
<u>MOE Requirements</u> <ul style="list-style-type: none"> Appears to allow spending on non-eligible families for reducing out-of-wedlock births, fatherhood, and family formation to count toward MOE requirement <p>(Section 7103)</p> <ul style="list-style-type: none"> Extends MOE requirement to 2010. (Section 7101) 	<ul style="list-style-type: none"> MOE-States will be penalized for failure to maintain historical spending level (MOE). The MOE is based on a percentage of historical state expenditures (80% on nonfederal base year expenditures or 75% if work participation rates are met). <p>State expenditures that qualify for MOE must be for activities that serve low-income families and meet one of the four purposes of TANF.</p>	<ul style="list-style-type: none"> No provision
<u>Marriage and Family Formation</u> <ul style="list-style-type: none"> Authorizes a maximum of \$150 million annually from FYs 2006 thru 2010 towards grants for healthy marriage promotion & responsible fatherhood. At least \$100 	<ul style="list-style-type: none"> FY 2005 funding is \$100 million annually. 	<ul style="list-style-type: none"> No provision

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
million of that amount will be directed on an annual basis towards grants that support research, demonstration projects, and providing technical assistance for the purpose of healthy marriage & family promotion. (Section 7103)		
<u>Fatherhood</u> <ul style="list-style-type: none"> Authorizes a maximum of \$150 million annually from FYs 2006 thru 2010 towards grants for healthy marriage promotion & responsible fatherhood. A maximum of \$50 million of that amount will be directed on an annual basis towards grants that support research, demonstration projects, and providing technical assistance for the purpose of promoting responsible fatherhood. (Section 7103) 	<ul style="list-style-type: none"> It is unsure what amount California was awarded since the Department of Child Support was the lead agency on this initiative in FY 2005. Currently, there is no specific allocation for this program at CDSS. 	<ul style="list-style-type: none"> No provision
<u>Out-of-Wedlock Bonus</u> <ul style="list-style-type: none"> Repealed 	<ul style="list-style-type: none"> Provides \$20 million each for up to 5 states per year, for total of \$100 million. 	<ul style="list-style-type: none"> No provision
<u>Caseload Reduction Credit</u> <ul style="list-style-type: none"> Recalibrates the State's caseload reduction credit by changing the base year for the credit from FFY 1995 to FFY 2005. 	<ul style="list-style-type: none"> The current State caseload reduction credit is used to reduce a State's work participation rate by the percentage decrease of caseload from the immediate preceding FFY and the average monthly caseload during FFY 1995. 	<ul style="list-style-type: none"> No provision

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
<p><u>Work Participation Rate</u></p> <ul style="list-style-type: none"> No change in either work participation requirements or rates. However, now includes adults who receive assistance with MOE funds, including Separate State Programs (SSP), in the calculation of the work participation rate. Applies the work participation rate penalty to any SSP established by the State that provides assistance to families. 	<ul style="list-style-type: none"> The current work participation rate requirement for “All Families” is 50% and for “Two-Parent Families” is 90%. Currently, adults receiving assistance funded with MOE are not required to be included in the work participation rate. <p>States that fail to meet the rate requirements receive a fiscal penalty up to 5% of the State's TANF Block Grant that can increase 2% each year up to 21%. The amount of the penalty can be adjusted based on the degree of non-compliance assuming at least 50% of threshold is met.</p>	<ul style="list-style-type: none"> State statute requires CDSS to pass on 50% of any federal penalty incurred by the State for not meeting the work participation rate to the counties that fail to meet the rate. However, as written in the statute, the penalty to each county is double pro-rated by county size and again by county relation to the failed caseload. In reality, the counties would never share half of the penalty, and the State's penalty share would be greater than half of the federal penalty. <p>There are no provisions that require participation for adults receiving assistance outside of the CalWORKs program.</p>
<p><u>Separate State Program (SSP)</u></p> <ul style="list-style-type: none"> Subjects SSPs to individual sanctions, and the work participation rate and penalty, if adults receive assistance with MOE funds. 	<ul style="list-style-type: none"> States can operate SSPs, which are funded solely with State MOE funds. Most TANF requirements, including work requirements and work participation rate penalties, do not apply to SSPs. 	<ul style="list-style-type: none"> There are no statutory provisions for SSPs. In October 1999, California administratively established a SSP for “Two-Parent Families” that is funded with TANF Maintenance of Effort funds (State General Fund). Because this program is not funded with TANF dollars, it has not been subject to the TANF work participation rate penalty. However, adults <p>in this SSP receive cash assistance and must meet work participation</p>

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
		requirements. In addition, SSP data has been submitted in order to qualify for the TANF caseload reduction credit and the TANF High Performance Bonus.
<u>Verification of Work and Work-Eligible Individuals</u> <ul style="list-style-type: none"> By June 30, 2006, requires the Secretary of HHS to develop regulations to ensure consistent measurement of work participation rates under State programs funded under TANF and State programs funded with qualified State expenditures (MOE) which shall include determining whether an activity for a recipient may be treated as a work activity, uniform methods for reporting hours of work, the type of documentation needed to verify hours of work, and the circumstances under which a parent who resides with an aided child should be included in the work participation rate. <p>The regulations may be effective and final immediately on an interim basis as of the date of publication of the regulations. If the Secretary provides for an interim final regulation, a period of public comment shall be provided. The Secretary may change or revise the regulation after the public comment.</p>	<ul style="list-style-type: none"> There are no current federal participation verification regulations and parents who reside with an aided child (child-only cases with sanctioned, immigrant, Kin-GAP, CalWORKs timed-out adults) currently are not included in the work participation rate. 	<ul style="list-style-type: none"> Documentation and verification procedures are currently being implemented for cases that are included in the federal work participation rate and the county work participation rate calculations, and does not extend to the full CalWORKs caseload. However, this policy is not specified in statute or regulations. It will be transmitted to the counties via ACL. It is unknown if the federal regulations will be consistent with the direction currently being provided to the counties.
<u>Defining Work Activities</u>		

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
<ul style="list-style-type: none"> By June 30, 2006, directs the Secretary of HHS to regulate the definition of what activity counts as a work activity and review work activities that count toward work and how to count and verify reporting of work hours, and determining who is a work eligible individual. <p>If HHS provides for an interim final regulation, it shall allow a period of public comment on the regulation after the date of publication. HHS may revise the regulation after the public comment period.</p> <p>[Section 7102(c)]</p>	<ul style="list-style-type: none"> There are no current regulations defining work activities. 	<ul style="list-style-type: none"> Because there are no federal regulations defining work activities, California has also not defined work activities. Counties have the flexibility to define work activities within their own programs.
<p><u>Requirement for States to Establish and Maintain Work Participation Verification Procedures and the Penalty for Failure to Comply with Participation Verification Procedures</u></p> <ul style="list-style-type: none"> No later than September 30, 2006, requires states to establish procedures for determining for recipients of assistance whether activities may be counted as work activities, how to count and verify reported hours of work, and who is a work-eligible individual in accordance with the regulations (described above). <p>The Secretary of HHS is required to review the State to ensure an accurate measurement of work participation under the State</p>	<ul style="list-style-type: none"> No current verification of hours or work requirements in the TANF Program. Under authority of OMB, audits of federally-funded program can apply to verification of case records and participation hours claimed. 	<ul style="list-style-type: none"> Documentation and verification procedures are currently being implemented for cases that are included in the data reporting requirements for federal work participation rate and the county work participation rate calculations and does not extend to the full CalWORKs caseload. However, this policy is not specified in statute or regulations. It will be transmitted to the counties via ACL. It is unknown if

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
<p>TANF Program (including MOE).</p> <ul style="list-style-type: none"> Imposes a State penalty for failure to establish or comply with work participation verification procedures of between 1-5% of the TANF Block Grant, based on the degree of non-compliance. 		<p>the federal regulations will be consistent with the direction currently being provided to the counties.</p>
<p><u>Data Reporting Requirements</u></p> <ul style="list-style-type: none"> Requires families receiving assistance from MOE-funded programs to be included in quarterly disaggregated data reporting requirements. 	<ul style="list-style-type: none"> Current TANF law requires adults receiving assistance for more than 4 months to have their TANF time clock tick, which triggers data reporting requirements, etc. 	<ul style="list-style-type: none"> California is required to collect disaggregated data and includes adults who receive CalWORKs cash aid in the work participation rate. However, those who receive only MOE-funded assistance are not currently included.
<p><u>Tribal TANF Programs</u></p> <ul style="list-style-type: none"> Reauthorizes direct funding to Tribes through 2010. 	<ul style="list-style-type: none"> Requires states to provide direct funding from the State's TANF Block Grant to federally recognized Indian Tribes with an approved Tribal Family Assistance plan. 	<ul style="list-style-type: none"> Authorizes/requires the State to provide State General Funds (SGF) to federally recognized Tribes that have an approved Tribal Family Assistance Plan.

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
<ul style="list-style-type: none"> \$2 million competitive grant for child welfare services and Tribal TANF services demonstration projects. Makes Tribal programs/consortia eligible for marriage promotion and responsible fatherhood grants. 	<ul style="list-style-type: none"> No current provision No current provision 	<ul style="list-style-type: none"> No current provision. No current provision.
CHILD WELFARE/ FOSTER CARE		
<u>Foster Care – Adoption/Adoptions Assistance (Rosales)</u> <ul style="list-style-type: none"> Reverses fed FC eligibility interpretation by the Ninth Circuit Court via Rosales v. Thompson Court Order, by clarifying in statute federal requirements. Effective 10/1/05. <p>(Section 7403)</p>	<ul style="list-style-type: none"> Federal law restricts linkage to AFDC based upon home of legal removal of a child, typically the parent(s). Rosales Court Order interpreted that legal removal could also be from a relative, expanding fed FC eligibility. The authority of that Order was restricted to Ninth Circuit states only. 	<ul style="list-style-type: none"> The State implemented Rosales as authorized by Court Order, an approved Title IV-E State Plan, and ACL.
<u>Foster Care – Admin</u> <ul style="list-style-type: none"> Codifies Federal Policy Announcement 01-02 that established certain restrictions to claiming IV-E administrative costs. Limits Title IVE admin cost reimbursements to the lesser of 12 months or the average length of time necessary to 	<ul style="list-style-type: none"> Federal Policy Announcement ACYF-CB-PA-01-02, Clarifying Guidance Regarding Candidates for Foster Care issued July 3, 2001, established by policy certain restrictions and requirements for states 	<ul style="list-style-type: none"> States nationwide, lead by APHSA, argued that many of the policies set forth in PA-01-02 were not supported by fed statutory authority and threatened lawsuit. CDSS ACL/CFL established policies for administrative cost claiming

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
<p>license or approve federally eligible FC children residing in unlicensed homes. Eliminates IVE admin reimbursement for eligible children in ineligible facilities, except for 30 days if a child returns to an eligible FC setting. Requires FC candidacy redetermination every 6 months and reinforces federal policy on candidacy requirements. Effective 10/1/05.</p> <p>(Section 7403)</p>	<p>claiming Title IV-E administrative costs.</p>	<p>for candidates for FC. In California, licensing/approval processes typically take less than 12 months. Case plan development may take longer than 30 days and under current State policy there is no administrative cost funding limitation for children who are temporarily placed in IV-E-unallowable facilities. Current State policy has not established a 6-month candidacy redetermination requirement.</p>
<p><u>Strengthening Courts</u></p> <ul style="list-style-type: none"> Enhances court improvement and collaboration with child welfare agencies by reinforcing the Court Improvement Section of Title IV-B and adding funds for safety, permanence, well-being of children and to improve related data and training to court personnel. Adds requirements for collaboration between courts and CWS. Provides state flexibility for policies related to public access of child court proceedings. Effective 10/1/05. (Section 7401) 	<ul style="list-style-type: none"> Court Improvement Section of Title IV-B has established requirements for the courts and their relationship with CWS. 	<ul style="list-style-type: none"> California currently has a model court/CWS collaborative process. Judicial Council of California and Judicial Review and Technical Assistance currently provide support to CDSS via agreements to assist/train court personnel and judges re. CWS/FC requirements.
<p><u>Safe and Stable Families Programs</u></p> <ul style="list-style-type: none"> Enhances funding to promote safe and stable families by adding \$40 million mandatory funding for PSSF purposes (total \$345 million nationwide). Effective 10/1/05. 	<ul style="list-style-type: none"> Requirements for PSSF are established under Title IV-B. Funding is authorized for Family Preservation, Family Support, Adoptions Promotion and Support, 	<ul style="list-style-type: none"> The State follows fed requirements for use of PSSF funds. Only the amount is proposed to be changed.

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
(Section 7402)	and Time Limited Family Reunification. A portion is for mandatory purposes and a portion is for (State) discretionary purposes.	
SUPPLEMENTAL SECURITY INCOME PROGRAM		
<u>Pre-Effectuation Reviews in the Supplemental Security Income Program</u> <ul style="list-style-type: none"> This provision requires the Social Security Administration to implement a pre-effectuation review of 20% of all allowed SSI disability/blindness claims in FFY 2006, rising to a maximum of 50% in FFY 2008. 	<ul style="list-style-type: none"> No Provision 	<ul style="list-style-type: none"> N/A
<u>Retroactive payments</u> <ul style="list-style-type: none"> This provision would lower the installment payment threshold for retroactive SSI/SSP payments from 12 months to 3 months. 	<ul style="list-style-type: none"> Current law requires retroactive SSI/SSP payments to be paid in two or three installments at 6-month intervals if the total retroactive amount exceeds 12 months of SSI/SSP benefits. 	<ul style="list-style-type: none"> N/A
CHILD SUPPORT PROGRAM		
<u>Assigning Rights of Child Support to the State</u> <ul style="list-style-type: none"> As a condition of TANF eligibility, the parent or caretaker relative must assign child support rights to the state. The assignment covered child support 	<ul style="list-style-type: none"> As a condition of TANF eligibility, the parent or caretaker relative must assign child support rights to the state. The assignment covered child 	<ul style="list-style-type: none"> Same as federal law. Child Support payments used to reimburse months on cash aid are

Budget Reconciliation Provision (Section Citation)	Current Federal Law	Current State Law
<p>accruing solely during receipt of TANF assistance.</p> <ul style="list-style-type: none"> • States can opt to discontinue pre-1997 support assignments and distribute the support collected to the family. • States can opt to discontinue post-1997 assignments. <p>(Section 7301)</p>	<p>support accruing before and during receipt of TANF assistance.</p> <ul style="list-style-type: none"> • No provision. • No provision. 	<p>used to exempt months from the 60-month time limit clock.</p> <ul style="list-style-type: none"> • No provision. • No provision.
<p><u>Distribution of Child Support to TANF Families</u></p> <p>Requires that collected child support payments are distributed as follows:</p> <ul style="list-style-type: none"> • Pay feds federal share (effective FFY 09, can pass through federal share up to \$100/month or \$200/month for families with 2 or more children) • Keep or pay to the family the state's share of the support collected while the family was receiving TANF. • Pay the family the remaining amount. <p>(Section 7301)</p>	<ul style="list-style-type: none"> • States may retain any current child support payments and any assigned arrearages it collects up to the total amount of TANF assistance paid to the family. • States must pay the federal share of collected child support. • No provision. 	<ul style="list-style-type: none"> • California currently allows a fifty dollar (\$50) child support disregard to the family, and retains the remainder of the support. • Same as federal law • No provision.